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No.

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ALEXANDER L. STEVAS,
CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1982

MULTISTATE LEGAL STUDIES, INC.,

Petitioner,

vs.

DAVID L. LADD, REGISTER OF COPYRIGHTS; NATIONAL CONFERENCE OF BAR EXAMINERS; and EDUCATIONAL TESTING SERVICE,

Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

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QUESTIONS PRESENTED FOR REVIEW

Whether a regulation promulgated by the Register of Copyrights which permits copyright registration of a secret work is authorized by the Copyright Act of 1976?

If the answer to the foregoing question is in the affirmative, whether the section of the Copyright Act of 1976 which authorizes the foregoing regulation is consistent with article I, section 8, clause 8, of the United States Constitution?

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To: The Honorable, The Chief Justice
and Associate Justices of the
Supreme Court of the United States.

Petitioner respectfully prays that a writ of certiorari issue to review the judgment and opinion of the United States Court of Appeals for the Seventh Circuit entered in this matter on November 2, 1982.

OPINIONS OF COURTS BELOW

The November 2, 1982, opinion of the Court of Appeals, the basis for the judgment herein sought to be reviewed, was published as *National Conference of Bar Examiners* v. *Multistate Legal Studies, Inc.*, 692 F. 2d 478 (7th Cir. 1982). The decision is reprinted in the Appendix to this Petition, pp. 1-20. An order entered by the Court of Appeals on January 18, 1983, denying rehearing is unpublished and is reprinted in the Appendix, p. 21. The prior opinion of the United States District Court for the Northern District of Illinois was published at 495 F. Supp. 34 (N. D. Ill. 1980).

STATEMENT OF JURISDICTIONAL GROUNDS

This is a petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Seventh Circuit entered on November 2, 1982. On November 16, 1982, respondents National Conference of Bar Examiners and Educational Testing Service filed a petition for rehearing of this judgment which petition was denied on January 18, 1983. The jurisdiction of this Honorable Court is invoked pursuant to section 1254(1) of the Judicial Code, 28 U. S. C. § 1254(1).

CONSTITUTIONAL PROVISIONS, STATUTES, AND REGULATIONS INVOLVED

Article I, Section 8, Clause 8, of the Constitution of the United States:

> The Congress shall have Power . . .
>
> * * *
>
> To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries. . . .

Section 101 of the Copyright Act of 1976:

"Publication" is the distribution of copies or phonorecords of a work to the public by sale or other transfer of ownership, or by rental, lease, or lending. The offering to distribute copies or phonorecords to a group of persons for purposes of further distribution, public performance, or public display, constitutes publication. A public performance or display of a work does not of itself constitute publication.

Section 101, 17 U. S. C.

Section 408(b)(1) of the Copyright Act of 1976:

Except as provided by subsection (c), the material deposited for registration shall include—

(1) in the case of an unpublished work, one complete copy or phonorecord . . . .

Section 408(b)(1), 17 U. S. C.

Section 408(c)(1) of the Copyright Act of 1976:

The Register of Copyrights is authorized to specify by regulation the administrative classes into which works are to be placed for purposes of deposit and registration, and the nature of the copies or phonorecords to be deposited in the various classes specified. The regulations may require or permit, for particular classes, the deposit of identifying material instead of copies or phonorecords, the deposit of only one copy or phonorecord where two would normally be required, or a single registration for a group of related works. This administrative classification of works has no significance with respect to the subject matter of copyright or the exclusive rights provided by this title.

Section 408(c)(1), 17 U. S. C.

Section 704(d) of the Copyright Act of 1976:

Deposits not selected by the Library under subsection (b), or identifying portions or reproductions of them, shall be retained under the control of the Copyright Office, including retention in Government storage facilities, for the longest period considered practicable and desirable by the Register of Copyrights and the Librarian of Congress. After that period it is within the joint discretion of the Register and the Librarian to order their destruction or other disposition; but, in the case of unpublished works, no deposit shall be knowingly or intentionally destroyed or otherwise disposed of during its term of copyright unless a facsimile reproduction of the entire deposit has been made a part of the Copyright Office records as provided by subsection (c).

Section 704(d), 17 U. S. C.

Section 705 of the Copyright Act of 1976:

(a) The Register of Copyrights shall provide and keep in the Copyright Office records of all deposits, registrations, recordations, and other actions taken under this title, and shall prepare indexes of all such records.

(b) Such records and indexes, as well as the articles deposited in connection with completed copyright registrations and retained under the control of the Copyright Office, shall be open to public inspection.

(c) Upon request and payment of the fee specified by section 708, the Copyright Office shall make a search of its public records, indexes, and deposits, and shall furnish a report of the information they disclose with respect to any particular deposits, registrations, or recorded documents.

Section 705, 17 U. S. C.

Section 202.20(b)(4) of Title 37, Code of Federal Regulations:

A secure test is a non-marketed test administered under supervision at specified centers on specific dates, all copies of which are accounted for and either destroyed or returned to restricted locked storage following each administration. For these purposes a test is not marketed if copies are not sold but it is distributed and used in such a manner that ownership and control of copies remain with the test sponsor or publisher.

Section 202.20(b)(4), 37 C. F. R.

Section 202.20(c)(2)(vi) of Title 37, Code of Federal Regulations:

In the case of tests, and answer material for tests, published separately from other literary works, the deposit of one complete copy will suffice in lieu of two copies. In the case of any secure test the Copyright Office will return the deposit to the applicant promptly after examination: Provided, that sufficient portions, description, or the like are retained so as to constitute a sufficient archival record of the deposit.

Section 202.20(c)(2)(vi), 37 C. F. R.

STATEMENT OF THE CASE

On October 26, 1978, the National Conference of Bar Examiners and Educational Testing Service (hereinafter collectively referred to as "ETS"), respondents herein, filed a two count complaint against Multistate Legal Studies, Inc. ("Legal Studies"), petitioner herein.[1] Count I of the complaint alleged that Legal Studies, a corporation which administers a bar review course, infringed three copyrighted versions of a test known as the Multistate Bar Examination ("MBE"); count II alleged that Legal Studies engaged in unfair competition with ETS by various means, including the use of the phrase "Preliminary Multistate Bar Examination" and the initials "PMBE". Subject matter jurisdiction for count I was based upon the Copyright Act of 1976; subject matter jurisdiction for count II was based upon section 43 of the Lanham Act, diversity of citizenship and pendent jurisdiction.

On July 24, 1979, Legal Studies filed an answer, a three count counterclaim and a jury demand. Count III of the counterclaim alleged that the registered copyrights owned by ETS were invalid for lack of proper deposit with the Register of Copyrights. On January 28, 1980, the district court entered an order directing Legal Studies to join the Register of Copyrights as a party to count III of the counterclaim. On February 1, 1980, Legal Studies filed an answer and amended counterclaim in which Barbara Ringer, Register of Copyrights, was joined as a counterdefendant in count III of the amended counterclaim. The amended counterclaim sought a declaratory judgment that the regulation under which ETS obtained its copyright registration was contrary to both the Copyright Act of 1976 and the United States Constitution. On July 31, 1980, the district court entered an interlocutory order granting the Register's motion to

[1] Legal Studies is a privately held corporation. It has no parent company, no affiliates and no subsidiaries.

dismiss count III of the amended counterclaim and holding the regulation under which ETS's copyrights were obtained to be valid.

On October 23, 1980, ETS requested leave to file an amended complaint seeking only statutory damages and an injunction against Legal Studies on count I of the complaint. Previously, ETS had requested actual damages, including recovery of Legal Studies' profits. At the same time, ETS moved to strike Legal Studies' jury demand. On March 6, 1981, the district court allowed ETS to file the amended complaint but denied its motion to strike the jury demand.

On March 30, 1981, ETS sought and obtained leave to file a second amended complaint which deleted all allegations of copyright infringement and pled only the single count of unfair competition that had previously been pled as count II of the complaint. The unfair competition count was tried by the bench on June 30, and July 1, 1981. On July 9, 1981, the district court entered a final judgment which permanently enjoined Legal Studies from using the phrase "Preliminary Multistate Bar Examination" and the initials "PMBE".

Notice of appeal was filed by Legal Studies on August 4, 1981, from both the interlocutory order of July 31, 1980, and the injunction entered on July 9, 1981. On November 2, 1982, the United States Court of Appeals for the Seventh Curcuit entered a decision affirming the interlocutory order of July 31, 1980, and reversing the injunction entered on July 9, 1981. ETS filed a petition for rehearing as to the reversal, which petition was denied on January 18, 1983. Legal Studies has filed the instant petition seeking review only of that portion of the Court of Appeals' decision which affirmed the interlocutory order of July 31, 1980.

ARGUMENT

A.

The Challenged Regulation Is Contrary to and Inconsistent With the Copyright Act of 1976

Section 408(a) of the Copyright Act of 1976, 17 U. S. C. § 408(a), allows the owner of copyright in a work to obtain registration of the copyright claim "by delivering to the Copyright Office the deposit specified by this section . . ."

Section 408(b) provides that the material deposited for registration shall include:

> (1) in the case of an unpublished work, one complete copy or phonorecord. . . .

The works involved in this litigation are three versions of the Multistate Bar Examination ("MBE"). The issue of whether the MBE was a published or unpublished work was presented to the district court which held the work to be unpublished.[2] The Court of Appeals did not decide the issue but ruled:

> We agree with the Register of Copyrights that the MBE would probably be classified as an unpublished work under 17 U.S.C. § 101 although publication *vel non* is immaterial since the secure test regulations are applicable and valid in either case. App. at p. 14, n.8.

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[2] The district court stated:

"Counter-Plaintiff [Legal Studies] next contends that the Multistate Bar Examination is an "unpublished" work, with which we agree. 17 U. S. C. § 101 defines "publication" as the distribution of copies of a work to the public "by sale or other transfer of ownership, or by rental, lease, or lending." The tests in this case are temporarily distributed to the persons taking them and are retrieved at the end of the testing period. There is no sale or other transfer of ownership, and the "lending" is at most a fiction." 495 F. Supp. at 37.

Section 704(d) of the Copyright Act, 17 U. S. C. § 704(d), provides in relevant part:

> . . . in the case of unpublished works, no deposit . . . shall be knowingly or intentionally destroyed or otherwise disposed of during its term of copyright unless a facsimile reproduction of the *entire* deposit has been made a part of the Copyright Office records as provided by subsection (c). [Emphasis added].

Section 705(b) of the Copyright Act, 17 U. S. C. § 705(b), provides in relevant part:

> Such records and indexes, as well as the articles deposited in connection with completed copyright registrations and retained under the control of the Copyright Office, shall be open to public inspection.

At the present time, the Copyright Office does not have on deposit or open to public inspection or even within its possession or control a complete copy of any of the unpublished documents in which ETS claims copyright. The entire deposit as to one of the copyrights involved in this litigation, Registration No. TX 61-896, is set forth in the Appendix at pp. 22-30. This deposit is representative of all deposits made by ETS for the MBE. As can be seen, the deposit represents virtually nothing more than a statement that ETS claims a copyright in certain materials that are not on deposit.

Both the Register and ETS have successfully argued to the Court of Appeals that the deposit of ETS's examinations was properly made pursuant to 37 C. F. R. § 202.20(c)(2)(vi), which provides:

> In the case of tests, and answer material for tests, published separately from other literary works, the deposit of one complete copy will suffice in lieu of two copies. *In the case of any secure test the Copyright Office will return the deposit to the applicant promptly after examination:* Provided, that sufficient portions, description, or the like are retained so as to constitute a sufficient archival record of the deposit. [Emphasis added].

The patent inconsistency which exists between the Register's statutory duty to retain the "entire deposit" of an unpublished work during the life of the copyright and the regulation's mandate that the Register "return the deposit to the applicant promptly after examination" is, in Legal Studies' view, the critical issue.

The Court of Appeals attempted to resolve this inconsistency by referring to section 408(c)(1) of the Copyright Act of 1976, 17 U. S. C. § 408(c)(1), which provides in relevant part:

> The Register of Copyrights is authorized to specify by regulations the administrative classes into which works are to be placed for purposes of deposit and registration, and the nature of the copies or phonorecords to be deposited in the various classes specified. The regulations may require or permit, for particular classes, the deposit of identifying material instead of copies or phonorecords, the deposit of only one copy of phonorecords where two would normally be required, or a single registration for a group or related works. . . .

In reliance upon section 408(c)(1), the Court of Appeals stated:

> We agree with the district court's view that the entire deposit may consist of excised copies and find that the "complete copy" requirement of section 408(b)(1) for unpublished works is inapplicable to secure tests and is excepted under section 408(c)(1) from normal deposit requirements. (App. at 9).

Although the Court of Appeals attempted to find legislative history supporting its view that the phrase "entire deposit" meant an "excised copy," it finally stated merely that "authority for the secure test regulation can be found in the clear terms of the statute alone." App. at 11.

Section 408, the section which allows the Register to classify deposits, is merely a grant of minor administrative

power. In commenting upon this section, the House Judiciary Committee stated:

> Under this provision the Register could, where appropriate, permit deposit of phonorecords rather than notated copies of musical compositions, allow or require deposit of print-outs of computer programs under certain circumstances, or permit deposit of one volume of an encyclopedia for purposes of registration of a single contribution.
>
> Where the copies or phonorecords are bulky, unwieldy, easily broken, or otherwise impractical to file and retain as records identifying the work registered, the Register would be able to require or permit the substitute deposit of material *that would better serve the purpose of identification.* Cases of sort might include, for example, billboard posters, toys and dolls, ceramics and glassware, costume jewelry, and a wide range of three-dimensional objects embodying copyrighted material. The Register's authority would also extend to rare or extremely valuable copies which would be burdensome or impossible to deposit. Deposit of one copy or phonorecord rather than two would probably be justifiable in the case of most motion pictures, and in any case where the Library of Congress has no need for the deposit and its only purpose is identification. H. R. Rep. No. 94-1476, 94th Cong., 2d Sess. 153-54 (1976), reprinted in [1976] U. S. Code Cong. & Ad. News at 5769-70. [Emphasis added].

While the continued secrecy of the copyrighted MBE may appear to be a matter of limited concern, the implications of the Court of Appeals decision are staggering to the field of intellectual property. To understand the implications properly, it is necessary to set forth a brief history of copyright law in the United States.

There has been a copyright law in the United States since 1790. Although the copyright law was amended from time to time, the single thread that has run throughout the entire history of American copyright law is that no copyright monopoly has ever been granted to a secret document. Copyright acts prior to the 1976 Act provided that no copyright registra-

tion could issue to a literary work until it was published; that is, until the work was distributed generally to the public without any restriction as to the disclosure of the document's contents.[3] The Copyright Act of 1976 was many years in development and during its early phases, Congress evidenced a desire to include, for the first time, copyright registration for unpublished works. The legislative history regarding the method by which deposits of unpublished works were to be treated is silent except for the following events. In 1965, S. 1006, a forerunner of the final Copyright act of 1976, was before Congress. Section 704(c) of S. 1006 provided as follows:

> . . . in the case of unpublished works, no deposit shall be destroyed or otherwise disposed of during its term of copyright without specific notice to the copyright owner of record at his last address given in the public records of the Copyright Office, permitting him to claim and remove it. S. 1006, 89th Cong., 1st Sess. (Feb. 4, 1965).

This procedure, almost exactly the procedure followed in the instant case, was specifically rejected by Congress. In commenting upon S. 1006, the House Committee on the Judiciary noted:

> For deposits not selected by the Library, subsection [704](c) provides that they or "identifying portions or reproductions of them," are to be retained under Copyright Office control "for the longest period considered practicable and desirable" by the Register and the Librarian. When and if they ultimately decide that retention of certain deposited articles is no longer "practicable and desirable," the Register and Librarian have joint discretion to order their "destruction or other disposition." *The 1965 bill would have extended this discretion to unpublished works still under copyright if the copyright owner were first given a chance to reclaim the deposit. Because of the*

[3] The Court of Appeals indicated in its opinion that an earlier version of the Copyright Act did give copyright protection to unpublished works. App. at 14. This indication is incorrect.

> *unique value and irreplacable nature of unpublished deposits, however, the committee amended the subsection to require their preservation throughout the term of the copyright.* H. R. Rep. No. 38, 90th Cong., 1st Sess. 140-41 (1967).

The amendment which the House Judiciary Committee in 1967 placed in the bill ultimately became without change section 704(b) of the final enactment.

The Court of Appeals, although presented with this legislative history, chose to ignore it. Instead, the court was content to rely on the fiction that all Congress meant when it used the phrase "entire deposit" in section 704 was the "excised deposit" which is set forth in the appendix. Petitioner submits that the decision below does great harm to both the plain language of the statute and the expressed intent of Congress.

In short, without considering public policy or constitutional issues, it is clear that the secure test regulation is entirely contrary to and irreconcilable with the Copyright Act of 1976.

B.

If the Secure Test Regulation Is Authorized by Statute, Then the Statute Is Contrary to Article I, Section 8, Clause 8, of the United States Constitution.

Over the years, it has been recognized that deposits perform a public information service. Thus, in *Merrell* v. *Tice,* 104 U. S. 557, 561 (1882), this Court stated:

> . . . the copyright books deposited with [the Librarian of Congress] are quasi-records, kept in his custody for public examination,—one object no doubt being to enable other authors to inspect them in order to ascertain precisely what was the subject of copyright.

As might be expected, until the enactment of the present Copyright Act, cases involving deposits of copyrighted material

were few and far between since all copyrighted material was published. If a party wished to know the monopoly granted to a particular author, all one had to do was buy the work or obtain it from a public library. Only if the work was unobtainable through these sources was it necessary to resort to the deposits with the Register of Copyrights (or his predecessor, the Librarian of Congress). One case, although not directly applicable to the facts of the instant case, has a discussion on the purpose of the deposit. In *Washingtonian Publishing Co.* v. *Pearson,* 306 U. S. 30 (1939), this Court held that an author did not forfeit a copyright in a published work merely because fourteen months had elapsed between the copyrighted document's first publication and the required deposit of the document with the Copyright Office. The decision of the Court was based upon the statutory interpretation of the 1909 copyright act which required that the deposit be made "promptly" after publication. The public information aspect of the deposit was minimal, the Court noted, since "proper publication gives notice to all the world that immediate copyright exists. One charged with such notice is not injured by mere failure to deposit copies." *Id.* at 40. A dissenting opinion issued by Justice Black and concurred in by Justices Roberts and Reed discussed in detail the public disclosure purposes behind the deposit requirement. Justice Black stated:

> This century and a half old statutory requirement for public deposit of a copyrighted article provided a public record for the public's benefit. It imposes a simple and easily performed duty—not burdensome in any respect—in return for a twenty-eight year monopoly, with the right of renewal for twenty-eight more years. *Id.* at 43.

Justice Black noted that the 1909 act had two deposit requirements. The first and most important purpose of the deposit was stated as follows:

> First, the deposit is intended to record publicly full and complete information about a work for which copyright is claimed and to make that work continuously available for

> public inspection in order that the extent and boundaries of the monopoly may be understood by the public at all times during the life of the copyright. *Id.* at 48-49.

The second purpose was intended to preserve "desirable and useful" works with the Library of Congress. Justice Black referred to these "two separate and distinct purposes" and stated:

> These sections show a contrary purpose and distinctly mark the line between deposits for Library uses and deposits for public inspection. *Id.* at 51.

Justice Black concluded his dissent by remarking:

> It is of far greater importance to the public today than it was in 1790, 1831, 1870, or 1891, that public record be made of copyright monopolies granted to further the arts and sciences, since these privileges have been extended by statute to include almost every conceivable type of production of the human mind. *Id.* at 54.

The precise holding of the *Washingtonian Publishing Co.* case is inapplicable to the instant case since the MBE is an unpublished document, withheld from public view. Because it is a secret document, Legal Studies obviously cannot be charged with notice that a copyright is claimed in it since Legal Studies, under the present state of law, cannot view the document to find out what it in fact contains. The dissent, on the other hand, recognizing the important public information function served by deposits, contains reasoning directly applicable to the instant case.

In the Copyright Act of 1976, Congress set forth two separate sections dealing with deposits. Section 407, 17 U. S. C. § 407, deals with deposits for the Library of Congress. Section 408, as previously noted, concerns deposits with the Copyright Office as part of the registration process. In discussing the difference between the two new sections, the House Judiciary Committee stated:

> The provisions of section 407 through all of the bill mark another departure from the present law. Under the 1909 statute, deposit of copies for the collections of the Library of Congress and deposit of copies for the purpose of copyright registration have been treated as the same thing. The bill's basic approach is to regard deposit and registration as separate though closely related: deposit of copies of [sic] phonorecords for the Library of Congress is mandatory, but exceptions can be made for material the Library neither needs nor wants; copyright registration is not generally mandatory, but is a condition of certain remedies for copyright infringement. H. R. Rep. No. 94-1476, 94th Cong., 2d Sess. 150 (1976), reprinted in [1976] U. S. Code Cong. & Ad. News at 5766.

In discussing the deposits under section 407, the House Judiciary Committee stated:

> Deposits under section 407, although made in the Copyright Office, are "for the use or disposition of the Library of Congress." Thus, the fundamental criteria governing regulations issued under section 407(c), which allows exemptions from the deposit requirements for certain categories of works, would be the need and wants of the Library. *Id.* at 151, reprinted in [1976] U. S. Code Cong. & Ad. News at 5767.

Deposits under section 408 are for a different purpose. Such deposits are considered a necessary part of an application for registration and provide, as least as far as unpublished words are concerned, a public record of "the extent and boundaries of the monopoly."

The public information aspect of deposits is firmly grounded on constitutional grounds. Article I, Section 8, Clause 8 of the United States Constitution, the basis of both federal copyright and patent legislation, empowers the Congress "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." This clause, since its inception, has always required public disclosure of the property

it protected. In *Kendall* v. *Winsor,* 62 U. S. (21 How.) 322, 328 (1859), a case involving the patent laws, the Court stated:

> The true policy and ends of the patent laws enacted under this Government are disclosed in that article of the Constitution, the source of all these laws, viz: "to promote the progress of science and the useful arts," contemplating and necessarily implying their extension, and increasing adaptation to the uses of society. (Vide Constitution of the United States, art. I, sec. 8, clause 9[sic]). By correct induction from these truths, it follows that the inventor who designedly, and with the view of applying it indefinitely and exclusively for his own profit, withholds his invention from the public, comes not within the policy or objects of the Constitution or acts of Congress. He does not promote, and, if aided in his design, would impede, the progress of science and the useful arts. And with a very bad grace could he appeal for favor or protection to that society which, if he had not injured, he certainly had neither benefited nor intended to benefit.

CONCLUSION

In summary, section 202.20(c)(2)(vi) is an affront both to section 705(b) and the constitutional rights which Congress intended to protect by the enactment of that section. For these reasons, the courts below erred in holding that section 202.20(c)(2)(vi) was consistent with the Copyright Act of 1976 and the United States Constitution.

Wherefore, Legal Studies prays that this Honorable Court issue its Writ of Certiorari to the United States Court of Appeals for the Seventh Circuit and review this case.

Respectfully submitted,

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APPENDIX

In the

United States Court of Appeals

For the Seventh Circuit

No. 81-2271

NATIONAL CONFERENCE OF BAR EXAMINERS
and EDUCATIONAL TESTING SERVICE,

Plaintiffs and Counterdefendants-Appellees,

v.

MULTISTATE LEGAL STUDIES, INC.,

Defendant and Counterplaintiff-Appellant.

Appeal from the United States District Court for the
Northern District of Illinois, Eastern Division.
No. 78 C 4217—**Thomas R. McMillen**, *Judge*.

ARGUED FEBRUARY 18, 1982—DECIDED NOVEMBER 2, 1982

Before SWYGERT, *Senior Circuit Judge*, BAUER, *Circuit Judge*, and DAVIES, *Senior District Judge*.*

SWYGERT, *Senior Circuit Judge*. In this action for copyright infringement and unfair competition defendant and counterplaintiff-appellant Multistate Legal Studies, Inc. appeals from a permanent injunction imposed by the district court against Legal Studies' use

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* The Honorable Ronald N. Davies, United States Senior District Judge of the District of North Dakota, is sitting by designation.

of the names PRELIMINARY MULTISTATE BAR EXAMINATION and PMBE to designate its test preparation service and the practice examination administered therein. The district court held that such use violated the unregistered trademark of the plaintiffs and counterdefendants-appellees, the National Conference of Bar Examiners and the Educational Testing Service in the MULTISTATE BAR EXAMINATION or MBE. In addition, Legal Studies appeals from the order of the district court dismissing its counterclaim which challenged the validity and constitutionality of the Copyright Office "secure test" regulation, 37 C.F.R. § 202.20, under which plaintiffs' MULTISTATE BAR EXAMINATION was registered. For the reasons stated herein, we affirm the judgment order of the district court's dismissal of the counterclaim, but we reverse the order enjoining Legal Studies from using the name PRELIMINARY MULTISTATE BAR EXAMINATION and the initials PMBE.

The facts of this case are undisputed. The plaintiff National Conference of Bar Examiners is a cooperative organization of members of the boards of state bar examiners having supervision over admission to the bars of the various states. The plaintiff Educational Testing Service is a nationally recognized organization engaged in the development and administration of tests and testing programs which are used nationwide by educators and educational administrators. As a joint venture, the plaintiffs are engaged in the preparation and distribution of examinations used by the various state bar admission boards in testing candidates for admission to the bar. The plaintiffs' MULTISTATE BAR EXAMINATION (MBE) is an objective multiple choice test which has been administered to bar applicants twice yearly since 1972 to determine their competency to practice law.

The defendant Multistate Legal Studies, Inc. is a Delaware corporation having its principal place of business in Philadelphia, Pennsylvania and Chicago, Illinois. In 1977 Legal Studies began conducting bar review seminars using study materials that it developed to prepare bar applicants to take the plaintiffs' MUL-

TISTATE BAR EXAMINATION. Upon payment of a fee, bar applicants are enrolled in defendant's course at locations across the country and administered a practice examination patterned after the plaintiffs' MULTISTATE BAR EXAMINATION. The defendant began using the name PRELIMINARY MULTISTATE BAR EXAMINATION in 1978 to denominate the examination that it offered in its review course. The name subsequently became associated with the course as a whole as well as the examination developed by the defendant.

Legal Studies advertises and promotes the name PRELIMINARY MULTISTATE BAR EXAMINATION or PMBE throughout the country in magazine advertising, posters, and fliers circulated among the various law schools. In this advertising Legal Studies has repeatedly used the term "official publication" in reference to its course materials and claimed to have included in the PRELIMINARY MULTISTATE BAR EXAMINATION 120 questions reconstructed from plaintiffs' July 1978 MULTISTATE BAR EXAMINATION.

The plaintiffs filed a two-count complaint on October 26, 1978 in the Northern District of Illinois. In Count I plaintiffs alleged that Legal Studies, in violation of the copyright laws of the United States, infringed their copyright in the MULTISTATE BAR EXAMINATION by copying from one or more editions of their copyrighted July 1977, February 1978, and July 1978 bar examinations. According to the plaintiffs, Legal Studies' illegal copying was indicated by its literature which claimed that the PRELIMINARY MULTISTATE BAR EXAMINATION contained reconstructed questions from the MULTISTATE BAR EXAMINATION. In Count II of the complaint plaintiffs alleged that Legal Studies engaged in unfair competition in violation of the trademark laws of the United States, 15 U.S.C. § 1125(a), and the Uniform Deceptive Trade Practices Act, Ill. Rev. Stat. ch. 121½, § 311-18, by falsely representing in its advertising and promotion that its examination was in some way connected with the plaintiffs or their product through use of the names PRELIMINARY MULTISTATE BAR EXAMINATION or PMBE and through its claim that the PMBE was an "official publication."

Legal Studies answered and counterclaimed in three counts. Subsequently, it moved for summary judgment on Count III of its counterclaim by which it sought a declaration that plaintiffs' copyrights were invalid on the ground that 37 C.F.R. §§ 202.20(b)(4) and (c)(2)(vi), which permits registration of secure tests by the deposit of identifying material in lieu of complete copies, exceeds the statutory authority of the Register of Copyrights and in the alternative, that 17 U.S.C. § 408(c), which authorizes the issuance of the secure test regulation, is unconstitutional for being in excess of power granted to Congress in art. I, § 8, cl. 8, of the United States Constitution.[1]

On January 29, 1980 the district court continued Legal Studies' motion for summary judgment on Count III of its counterclaim so that Legal Studies could join the Register of Copyrights as a party defendant. On the plaintiffs' motion the court dismissed Counts I and II of Legal Studies' counterclaim challenging the capacity of the plaintiffs to obtain a copyright and the legal

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[1] 37 C.F.R. § 202.20 prescribes rules pertaining to the deposit of copies and phonorecords for copyright registration which in relevant part provide:

> (b)(4) A "secure test" is a non-marketed test administered under supervision at specified centers on specific dates, all copies of which are accounted for and either destroyed or returned to restricted locked storage following each administration. For those purposes a test is not marketed if copies are not sold but it is distributed and used in such a manner that ownership and control of copies remain with the test sponsor or publisher.
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> (c)(2)(vi) Tests. In the case of tests, and answer material for tests, published separately from other literary works, the deposit of one complete copy will suffice in lieu of two copies. In the case of any secure test the Copyright Office will return the deposit to the applicant promptly after examination: Provided, That sufficient portions, description, or the like are retained so as to constitute a sufficient archival record of the deposit.

qualification of the MULTISTATE BAR EXAMINATION for copyright protection.

After Legal Studies filed an amended counterclaim joining Barbara Ringer, Register of Copyrights, as a party defendant, the district court issued an order on July 31, 1980 dismissing Count III of Legal Studies' amended counterclaim pursuant to motions to dismiss filed by the plaintiffs and the Register of Copyrights. The district court held that the plaintiffs' copyrights were valid and concluded that section 408(c)(1) was sufficiently broad to accommodate the regulation that was adopted by the Register for secure tests.[2] The court found that, contrary to Legal Studies' assertion, no conflict existed between the regulation and 17 U.S.C. § 704(d), which provides that in the case of unpublished works a reproduction of the entire deposit must be made a part of Copyright Office records. The court took the view that when read in conjunction with section 408(c)(1), the term "entire deposit" in section 704(d) refers to the excised copies rather than a complete copy of the test as maintained by Legal Studies.[3] The court found no merit in Legal Studies' assertion that the failure to register a complete deposit for copyright purposes is contrary to the public

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[2] 17 U.S.C. § 408(c) provides:

> (1) The Register of Copyrights is authorized to specify by regulation the administrative classes into which works are to be placed for purposes of deposit and registration, and the nature of the copies or phonorecords to be deposited in the various classes specified. The regulations may require or permit, for particular classes, the deposit of identifying material instead of copies or phonorecords, the deposit of only one copy or phonorecord where two would normally be required, or a single registration for a group of related works. This administrative classification of works has no significance with respect to the subject matter of copyright or the exclusive rights provided by this title.

[3] The judgment, however, made clear that Legal Studies would be permitted to fairly inform the public that it offers a service to prepare applicants to take the MULTISTATE BAR EXAMINATION or MBE.

interest as implied in the Constitution, *citing Washingtonian Publishing Co. v. Pearson*, 306 U.S. 30, 41-42 (1939).

Subsequently, on March 30, 1981, plaintiffs obtained leave to file a second amended complaint. This complaint omitted the allegations of copyright infringement and pled only the single count of unfair competition. A bench trial of the unfair competition claim was held on June 30 and 31, 1981, which resulted in a final judgment permanently enjoining Legal Studies from using the words PRELIMINARY MULTISTATE BAR EXAMINATION and the initials PMBE or making any other false representation or description implying that its examination or review course were sponsored by or had some official connection with the plaintiffs or the MULTISTATE BAR EXAMINATION.

On July 10, 1981 the district court denied Legal Studies' previously-filed motion for reasonable attorney's fees based upon the plaintiffs' dismissal of Count I of their complaint on the rationale that the complaint was filed in good faith and there was at least an arguable infringement of the plaintiffs' copyright. The plaintiffs said that their reason for dismissing Count I was that the alleged infringement had ceased and there was no evidence that it had occurred since 1979, thus obviating the need for injunctive relief and substantial damages. The district court, in addition, surmised that plaintiffs dismissed Count I because of an earlier ruling that that particular issue was subject to a trial by jury. This appeal followed. Legal Studies challenges the rulings of the district court in plaintiffs' favor on the copyright claim, the unfair competition injunction, as well as the denial of attorney's fees and the taxing of certain items of costs to Legal Studies. We shall address each issue seriatim.

I

Legal Studies seeks, among other things, a declaration that the Copyright Office regulation which governs the deposit requirements for secure tests—37 C.F.R.

§ 202.20(c)(2)(vi)—is inconsistent with the Copyright Act of 1976, or, alternatively, that section 408(c)(1) of the Copyright Act, 17 U.S.C., which empowers the Copyright Office to promulgate the secure test regulation, is unconstitutional. Legal Studies also seeks a cancellation of plaintiffs' copyright registration of the MULTISTATE BAR EXAMINATION obtained in accordance with the challenged regulation.

A preliminary question which arises in connection with the copyright issue is whether a case or controversy continues to exist given the fact that plaintiffs' copyright infringement action was effectively dismissed without prejudice by the district court's allowance of plaintiffs' second amended complaint. As indicative of the continued controversy involved in the copyright claim, Legal Studies argues that it is reasonably apprehensive of civil and criminal liability because it fully intends to use the questions that were found to have infringed plaintiffs' copyright. In support of its position that the controversy survived the dismissal of Count I of the complaint, Legal Studies relies upon *Altvater v. Freeman*, 319 U.S. 359 (1943). There the Supreme Court held that it was error for the Eighth Circuit to declare as "moot" issues raised by the licensees' counterclaim regarding the validity of certain reissue patents following the dismissal of a patent infringement complaint when, in addition to the article involved in the original action, the licensees produced other articles claimed to fall under the reissue patents.

The plaintiffs deny that *Altvater* has any bearing on the present case. They suggest that Legal Studies' liability would be the same even without valid copyright registration of the MBE to support their position; plaintiffs refer to the language in 17 U.S.C. § 408(a) stating that registration is not a condition of copyright protection. The plaintiffs, however, overlook the provisions of 17 U.S.C. § 411 which in relevant part provides: "No action for infringement of a copyright in any work shall be instituted until registration of the copyright claim has been made in accordance with this title." We believe that

Legal Studies has a reasonable apprehension of liability for copyright infringement under the circumstances and that consequently the controversy is not moot. *See Tubeco, Inc. v. Crippen Pipe Fabrications, Inc.*, 402 F. Supp. 838 (E.D.N.Y. 1975), *aff'd*, 538 F.2d 314 (2d Cir. 1976).

Turning to the merits, Legal Studies first contends that the provision of the secure test regulation, 37 C.F.R. § 202.20(c)(2)(vi), requiring the Copyright Office to return the deposit of the secure test and retain only such portions, description, or the like so as to constitute a sufficient archival record of the deposit, is patently inconsistent with the requirements of section 704(d) of the Act. Legal Studies argues that the entire deposit of an unpublished work must be retained during the copyright life. The argument is based upon its interpretation of the words "entire deposit" appearing in section 704(d) to mean a complete copy. In support of this interpretation Legal Studies points to language in section 408(b) providing that the material deposited for registration shall include: "(1) in the case of unpublished works, one complete copy or phonorecord . . . ." This interpretation, however, ignores the important proviso that precedes subsection (1) at the beginning of subsection (b): "Except as provided by subsection (c), the material deposited for registration shall include— . . . (1)" Subsection (c), governing "Administrative Classification and Optional Deposit," provides in relevant part:

> The Register of Copyrights is authorized to specify by regulations the administrative classes into which works are to be placed for purposes of deposit and registration, and the nature of the copies or phonorecords to be deposited in the various classes specified. The regulations may require or permit, for particular classes, the deposit of identifying material instead of copies or phonorecords, the deposit of only one copy or phonorecord where two would normally be required, or a single registration for a group of related works.

Under this exception to the general deposit requirements for unpublished works, the Copyright Office has pro-

mulgated the secure test regulation permitting the retention of a "sufficient archival record" in the case of tests. The district court resolved the question of the meaning of "entire deposit" as used in section 704(d) by stating:

> Section 704(d) must be read, however, in conjunction with 17 U.S.C. § 408(c)(1). Section 408(c)(1) permits the deposit of "identifying material instead of copies." Therefore, the term "entire deposit" which appears in § 704(d) must refer to the excised copies. Otherwise the two sections, which were enacted at the same time, would be inconsistent with each other, thereby violating another fundamental rule of statutory construction.

Legal Studies does not specifically refute the district court's interpretation except to assert that the court used a "highly strained" interpretation of section 408(c)(1) "to vitiate the clear and unambiguous language of section 704(d)." We agree with the district court's view that the entire deposit may consist of excised copies and find that the "complete copy" requirement of section 408(b)(1) for unpublished works is inapplicable to secure tests and is excepted under section 408(c)(1) from normal deposit requirements.[4]

Legal Studies next argues that plaintiffs' reliance upon section 408(c)(1) as authority for the secure test regulation is wrong because a review of the relevant legislative

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[4] Legal Studies calls our attention to the fact that section 408(c)(1) uses the term "identifying material" to denote the optional deposit requirement, while the secure test regulation uses the term "sufficient archival record." According to Legal Studies, "The choice of terminology is significant; a 'sufficient archival record' is not intended to identify. Instead it is intended to hide from public view and thereby to defeat the purpose of copyright deposits." Reserving for now the question of the underlying purpose of copyright deposit, the record indicates that the examining corps of the Copyright Office treated the terms "sufficient archival record" and "identifying material" as synonymous. Of course, an agency's interpretation of its own regulation is entitled to considerable weight.

history indicates that the purpose of the statute was merely to facilitate the registration of copyrightable material which was overly bulky or possessed of unusual physical characteristics. For this proposition Legal Studies relies upon a discussion appearing in H. Rep. No. 94-1976, 94th Cong., 2d Sess. 153 (1976), *reprinted at* 1976 U.S. Cong. & Ad. News at 5769, which considers possible applications of the authority granted under section 408(c) to the Register of Copyrights to specify administrative classifications for deposited materials.[5]

From our review of the legislative history of section 408, it appears that the discussion about the purpose and possible applications of the statute is purely illustrative and does not evidence any restriction upon the scope of the power granted to the Register to classify materials for

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[5] The House Report states in relevant part:

> Under this provision the Register could, where appropriate, permit deposit of phonorecords rather than notated copies of musical compositions, allow or require deposit of print-outs of computer programs under certain circumstances, or permit deposit of one volume of an encyclopedia for purposes of registration of a single contribution.
>
> Where the copies or phonorecords are bulky, unwieldy, easily broken, or otherwise impractical to file and retain as records identifying the work registered, the Register would be able to require or permit the substitute deposit of material that would better serve the purpose of identification. Cases of this sort might include, for example, billboard posters, toys and dolls, ceramics and glassware, costume jewelry, and a wide range of three-dimensional objects embodying copyrighted material. The Register's authority would also extend to rare or extremely valuable copies which would be burdensome or impossible to deposit. Deposit of one copy or phonorecord rather than two would probably be justifiable in the case of most motion pictures, and in any case where the Library of Congress has no need for the deposit and its only purpose is identification.

H. Rep. No. 94-1976, 94th Cong., 2d Sess. 153 (1976), *reprinted at* 1976 U.S. Cong. & Ad. News at 5769.

deposit. Although the House Report is silent on the precise subject of the deposit requirements for secure tests, it is evident that the legislation is intended to vest broad authority in the Register of Copyrights to fashion a workable system of registration and deposit of copyrighted works. The introductory sentence of a relevant section of the legislative history instructs: "Consistent with the principle of administrative flexibility underlying all of the deposit and registration provisions, subsection (c) of section 408 also gives the Register latitude in adjusting the type of material deposited to the needs of the registration system." *Id.* In view of this expressed policy of administrative flexibility over deposit requirements, we do not agree with Legal Studies' suggestion that the purpose of the statute was merely to facilitate the deposit of unwieldy items.

The district judge took a different approach and found that the legislative history has no bearing upon the question of secure tests; he held, nonetheless, that the language of the statute itself was sufficient to support the Register's authority to issue the regulation. The judge reasoned that since a statute cannot be expected to cover every specific situation that may arise in the future, it need go no further than to rely upon the language of section 408(c)(1), *citing Consumer Products Safety Comm'n v. G.T.E. Sylvania, Inc.*, 447 U.S. 102 (1980). In addition, the judge relied upon a "bootstrap" argument that an agency's interpretation of a statute defining its jurisdiction and authority is entitled to considerable weight. *See Zenith Radio Corp. v. United States*, 437 U.S. 443, 450-51 (1978). Although we find that the legislative history sheds some light upon the question of the scope of the Register's authority to issue the secure test regulation, we agree with the district judge's determination that authority for the secure test regulation can be found in the clear terms of the statute alone.[6]

[6] Furthermore, we agree with the district judge's observation that to adopt Legal Studies' version of section 704(d) would make the Copyright Act unavailable for protecting a secure

(Footnote continued on following page)

Legal Studies also challenges the validity of the secure test regulation upon constitutional grounds. It argues that the regulation serves to conceal the deposited material from public view and thus defeats the purpose of copyright registration as mandated by art. I, § 8, cl. 8, of the United States Constitution, which empowers Congress to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors exclusive rights to their respective writings and discoveries." Legal Studies bases this argument on the idea that actual copies are necessary to provide a public record that delineates the scope of the copyright monopoly.

In support of this argument Legal Studies relies upon the principles expressed in the dissenting opinion in *Washingtonian Publishing Co. v. Pearson*, 306 U.S. 30 (1939). There the Court rejected the notion that mere delay in making a deposit of copies in the Copyright Office was enough to cause forfeiture of a right to sue for copyright infringement under the former Copyright Act of 1909. The dissenting opinion, on the other hand, argued that the petitioner's failure to comply with the statutory requirement of prompt deposit under the Copyright Act of 1909 was fatal to the perfection of the petitioner's copyright.[7] In reaching that conclusion, the dissent reasoned that the purpose of the deposit requirement was to make available for public inspection the

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[6] *continued*

test, which result would contradict the presumption that acts of Congress are passed for beneficial purposes, not for their frustration. Thus we are inclined toward the conclusion that Congress intended the Copyright Act to afford protection to confidential creative material such as the secure tests, the beneficial purpose of which would be defeated by the deposit of a complete copy of each annual version.

[7] Under the superseded 1909 Act, after a copyright had been secured by publication of the work with the notice of copyright as provided in section 9 of the Act, there should be "promptly deposited in the Copyright Office . . . two complete copies of the best edition thereof then published . . . ."

copyrighted work and to enable the Library of Congress to preserve desirable and useful works. *Id.* at 48-49. But the Court took the opposite view:

> Sections 59 and 60 (requiring prompt deposit) were new legislation. They show clearly enough that deposit of copies is not required primarily in order to insure a complete, permanent collection of all the copyrighted works open to the public. Deposited copies may be distributed or destroyed under the direction of the librarian and this is incompatible with the notion that copies are now required in order that the subject matter of protected works may always be available for information and to prevent unconscious infringement.

Id. at 38-39. Of course, only the majority decision is legal precedent, and the recognition that the deposit and registration requirements under the Act were procedural only and not constitutional prerequisites for a copyright has been carried forward in the current statute by 17 U.S.C. §§ 408(a) and 411(a). Those provisions make clear that registration is not a condition of copyright protection. It follows that deposit regulations do not amount to disclosure requirements; nor as a practical matter can they function as such since a claimant may register any time prior to bringing suit on an infringement claim.

Inconsistently, Legal Studies discounts the applicability of *Washingtonian Publishing* because the case interpreted the Copyright Act of 1909 which covered only published works and presumably would not bear upon the provisions contained in the present Act for unpublished materials. Accordingly, Legal Studies argues that since all published documents, including the one at issue in *Washingtonian Publishing*, were documents made available for public inspection through publication, "the decision does not even remotely suggest Constitutional approval of the secret copyright" which characterizes, presumably, the unpublished copyrighted test here at issue. Implicit in *Washingtonian Publishing*, however, is the assumption that unregistered materials, even though published, would not be available for public

inspection. It was on this assumption that the dissent assailed the majority's sanctioning of "secret copyrights," warning that "Congress did not intend to enshroud copyright monopolies in such secrecy." *Id.* at 48. As a practical matter, Legal Studies' argument is of no weight; the mere fact that something is published does not guarantee that the work will serve as notice to potential infringers of the scope of a copyright. For example, it is often the case that published materials eventually go out of print and such materials may be given only limited publication in the first instance. Therefore we conclude that the principle expressed in *Washingtonian Publishing* that copyright deposit is not required primarily to insure a permanent collection available for public inspection is here applicable in the case of an unpublished work.[8]

Legal Studies has not presented any case authority that supports its argument that the purpose of the deposit regulation is to insure disclosure of the copyrighted works.[9] This is clear even under section 704(d) relied

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[8] We agree with the Register of Copyrights that the MBE would probably be classified as an unpublished work under 17 U.S.C. § 101 although publication *vel non* is immaterial since the secure test regulations are applicable and valid in either case.

[9] Legal Studies attempts to shore up its argument that complete disclosure is required for copyright registration by pointing to dictum in *Merrell v. Tice*, 104 U.S. 557 (1882), a case decided under the Copyright Act of 1867, wherein the Supreme Court stated:

> . . . the copyright books deposited with [the Librarian of Congress] are quasi-records, kept in his custody for public examination,—one object no doubt being to enable other authors to inspect them in order to ascertain precisely what was the subject of copyright.

Id. at 561.

Legal Studies believes that *Merrell*, unlike *Washingtonian Publishing* is applicable because the 1867 Act under which *Merrell* was decided extended copyright protection to unpublished works, although *Merrell* actually involved published material. In any event, under the current regulation, 37 C.F.R.

(Footnote continued on following page)

upon by Legal Studies, which provides that the entire deposit of an unpublished work must be retained. That section refers to section 704(c) for procedures for retention of facsimile reproductions of unpublished works which provides:

> The Register of Copyrights is authorized, for specific or general categories of works, to make a facsimile reproduction of all or any part of the material deposited under section 408, and to make such reproduction a part of the Copyright Office records of the registration, before transferring such material to the Library of Congress as provided by subsection (b), or before destroying or otherwise disposing of such material as provided by subsection (d).

Section 704(c) requires a facsimile reproduction of all *or any part* of the material deposited, thus again negating the notion that only complete copies of the deposited material must be preserved. Moreover, as we already noted, under section 408(c) the deposit may consist of identifying materials.

In sum, the statutory scheme of the Copyright Act demonstrates that the deposit provisions are not for the purpose of disclosure. An observation on this subject by Professor Nimmer with respect to published works implicates unpublished works as well:

> It may be argued that deposit has a copyright as well as an archival function in that in an infringement action it permits a determination of whether the work which the copyright owner claims to have been infringed is in fact the same work in which copyright was originally claimed. But this copyright function is attenuated by the fact that the Library of

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[9] *continued*

§ 220.20, the secure test deposit does make it possible to ascertain the "subject" of the copyright—that a certain examination has been registered—thus satisfying the standard set forth in *Merrell*.

> Congress need not add all deposited works to its collection, it apparently is not required to preserve these works which it does not add to its collection and those which it does not so add although retained by the Copyright Office need only be preserved "for the longest period considered practical and desirable by the Register of Copyrights and the Librarian of Congress."

Nimmer on Copyright, § 7.17[a] (1981). By analogy, in the case of unpublished works, the copyright function is attenuated as previously noted by the fact that the Register of Copyrights under section 704(d) is required to preserve only a facsimile copy of "all or any part" of a section 408 deposit, which may itself consist of only identifying materials. Thus whether the work is published or unpublished, the Copyright Act when viewed as a whole negates the notion that deposit requirements are for the purpose of delineating the scope of a copyright through public disclosure. For the foregoing reasons we conclude that the district court correctly held plaintiffs' copyright valid and we affirm the judgment order dismissing Legal Studies' counterclaims.

II

Following a trial on plaintiffs' claim of unfair competition, the district court determined that plaintiffs had a legally protectable right in the names "MULTISTATE BAR EXAMINATION" and "MBE" and granted injunctive relief. Initially, the court found plaintiffs' trade name is neither generic nor commonly used to describe its bar examination. The court then found the name to be "merely descriptive" of a characteristic or quality of plaintiffs' test; further, because of long and extensive use, the name, has acquired a distinctiveness and a secondary meaning; and, finally, there is a likelihood of confusion between Legal Studies' PRELIMINARY MULTISTATE BAR EXAMINATION and plaintiffs' MULTISTATE BAR EXAMINATION. The court concluded Legal Studies' use of the name for its service constituted unfair competition and a violation of 15 U.S.C. § 1125(a).

The evidence submitted by plaintiffs showed that the MULTISTATE BAR EXAMINATION is a multiple choice test, designed to measure competency to practice law. The name was intended to convey the idea that the test can be used nationally but that it is not a national bar examination. Plaintiffs' MULTISTATE BAR EXAMINATION was first administered in 1972 and has been offered twice each year since then, ordinarily as one part of a state bar examination. Since its inception in 1972 through February 1981, the plaintiffs' examination has been taken by approximately 355,000 bar applicants. As a result, the name MULTISTATE BAR EXAMINATION has become known to virtually all law students. Though impressive, this evidence is irrelevant if under recognized legal criteria plaintiffs' trade name does not qualify for protection.

A generic term is one that refers, or has come to be understood as referring, to the genus of which the particular product is a species. *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir. 1976). A corollary verbal formulation of the meaning underlying the word "generic" is the phrase "the common descriptive name" as a designation for a product. Neither designation affords trademark protection. This is true even though the name acquires a secondary meaning, that is, the product has become identified with a particular producer. For example, in *J. Kohnstam, Ltd. v. Louis Marx & Co.*, 280 F.2d 437 (C.C.P.A. 1960), the producer claimed that through the advertising of its product over a period of two and one-half years, a secondary meaning became attached to the product. The Court of Customs and Patent Appeals disagreed and held that: "But such a circumstance cannot take the *common descriptive* name of an article out of the public domain and give the temporary exclusive user of it exclusive rights to it no matter how much money or effort it pours into promoting the sale of the merchandise." (emphasis in text.) 280 F.2d at 440. Indeed, under a provision in the Lanham Act, 15 U.S.C. § 1064, a registered trademark may be cancelled

if at any time it "becomes the common descriptive name of an article or substance."[10]

Legal Studies argues that the phrase "MULTISTATE BAR EXAMINATION" is the only means of accurately describing the test prepared for determining the competency of applicants for admission to the bars of several states. In support of their contention that the term is descriptive, Legal Studies points to the testimony of Professor Joe Covington, the Director of Testing for the National Council of Bar Examinations. He testified that initially a national bar examination was proposed. Bar examiners were fearful, however, of losing control over the admission of attorneys to the bars of their respective states. Consequently, the National Council of Bar Examiners avoided the use of a "national" bar examination; instead, the Council chose "multistate," which is descriptive of a characteristic of the test it administers.

Plaintiffs argue that a generic term for the test might be "standard bar examinations" or "multiple choice bar examinations," thereby refuting Legal Studies' contention that there is simply no other way to refer to this particular examination. As a threshold concern, we find the district court erroneously placed the burden of proof on Legal Studies on this issue of whether the mark is or is not generic.[11] Because the alleged trademark in this case is unregistered, plaintiffs had the burden of proving that its mark was not an unprotectible generic mark. *Reese Publishing v. Hampton International Communications, Inc.*, 620 F.2d 7, 11 (2d Cir. 1980). Moreover, we are able

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[10] Webster's International Dictionary, 3d Edition, defines the word "common" as "of or relating to a community at large (as a family unit, social group, tribe, political organization, or alliance): generally shared or participated in by individuals of a community."

[11] In its findings of fact and conclusions of law the district court stated that, "Defendant has failed to sustain its burden of showing the names Multistate Bar Examination and MBE are generic. . . ."

to conclude on the record before us, *see Miller Brewing Co. v. G. Heileman Brewing Co.*, 561 F.2d 75, 80 (7th Cir. 1977), that the district court clearly erred in affording the terms "MULTISTATE BAR EXAMINATION" and "MBE" trademark protection.

We are of the view that the word "multistate" describes the geographic area over which the test is administered. It informs as to a certain feature of the bar examination—that it is suitable for use in more than one state. Thus, "multistate" is a geographically descriptive word. *See, e.g., U.S. Blind Stitch Machine Corp. v. Union Special Machine*, 287 F. Supp. 468 (S.D.N.Y. 1968) ("U.S." held to be a geographically descriptive term); *National Auto Club v. National Auto Club, Inc.*, 365 F. Supp. 879 (S.D.N.Y. 1973), *aff'd*, 505 F.2d 1162 (2d Cir. 1974) ("'National' is a geographic term descriptive in nature since it pertains to a feature of the service such as the purpose or function."). *See generally* J. Gilson, *Trademark Protection and Practice*, § 2.07, n.6 (1979).

Under settled trademark law if the components of a trade name are common descriptive terms, a combination of such terms retains that quality. We note further that plaintiffs also use the initials "MBE" to designate their test is of no consequence. Abreviations for generic or common descriptive phrases must be treated similarly. *F.S. Service, Inc. v. Custom Form Service, Inc.*, 471 F.2d 671, 674 (7th Cir. 1972).

The phrase "MULTISTATE BAR EXAMINATION" is, in our view, the most appropriate way of describing a test prepared for determining the competency of applicants to the bars of the several states. The phrase accurately describes plaintiffs' examination. The name has a common descriptive quality; it indicates the type of service merchandised and not any particular merchandiser. Thus we hold that plaintiffs' trade name is not protected and that the district court erred in holding to the contrary.

It was not an abuse of discretion for the district judge to deny Legal Studies its attorney's fees and costs in

respect to plaintiffs' dismissal of their claim for copyright infringement shortly before trial. The judge gave careful consideration to the issue[12] and did not err in ruling that Legal Studies was not the prevailing party. Finally, on the issue of the award to plaintiffs of their costs covering the taking of certain pretrial depositions, the judge did not abuse his discretion in denying plaintiffs' request for reimbursement.

The judgment orders are reversed in part and affirmed in part.

A true Copy:

Teste:

Clerk of the United States Court of Appeals for the Seventh Circuit

[12] The district judge stated:

We find and conclude that defendant should not be awarded attorney's fees because of a dismissal of Count I. We have previously ruled that plaintiffs have a valid copyright. They have also adduced evidence of at least an arguable infringement of the copyright in 1979. Evidence of this was introduced at the hearing on Count II. We do not go into the merits of the plaintiffs' copyright claim, but on the other hand, plaintiffs' evidence on this question was not entirely lacking. Since we were never required to make a finding on the issue of infringement of the copyright, we will not find that the claim was not meritorious or that defendant was the prevailing party on this issue.

USCA 30224—Midwest Law Printing Co., Inc., Chicago—11-2-82—400

United States Court of Appeals

For the Seventh Circuit

Chicago, Illinois 60604

January 18, 1983

Before

Hon. WILLIAM J. BAUER, Circuit Judge
Hon. LUTHER M. SWYGERT, Senior Circuit Judge
Hon. RONALD N. DAVIES, Senior District Judge*

NATIONAL CONFERENCE OF BAR EXAMINERS AND EDUCATION TESTING SERVICE,
Plaintiffs and Counter-defendants-Appellees.

No. 81-2271 *vs.*

MULTISTATE LEGAL STUDIES, INC.,
Defendant and Counter-plaintiff-Appellant.

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.

No. 78 C 4217

Thomas R. McMillen, Judge.

ORDER

On consideration of the petition for rehearing filed in the above matter, all members of the panel have voted to deny said petition.

IT IS THEREFORE ORDERED that said petition for rehearing be, and the same is hereby denied.

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* The Honorable Ronald N. Davies, United States Senior District Judge for the District of North Dakota, is sitting by designation.

Copyright Office of the United States of America

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THIS IS TO CERTIFY FURTHER, that regulation 37 CFR 202.20 (C) (2) (vi) provides that in the case of a secure test the Copyright Office will return the deposit of one complete copy to the applicant promptly after examination provided that sufficient portions, description, or the like are retained so as to constitute a sufficient archival record of the deposit.

IN WITNESS WHEREOF, the seal of this office is affixed hereto on October 9, 1979.

Barbara Ringer
Register of Copyrights

Dennis R Everett

By: Dennis R. Everett
Head, Certifications
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Information and Reference
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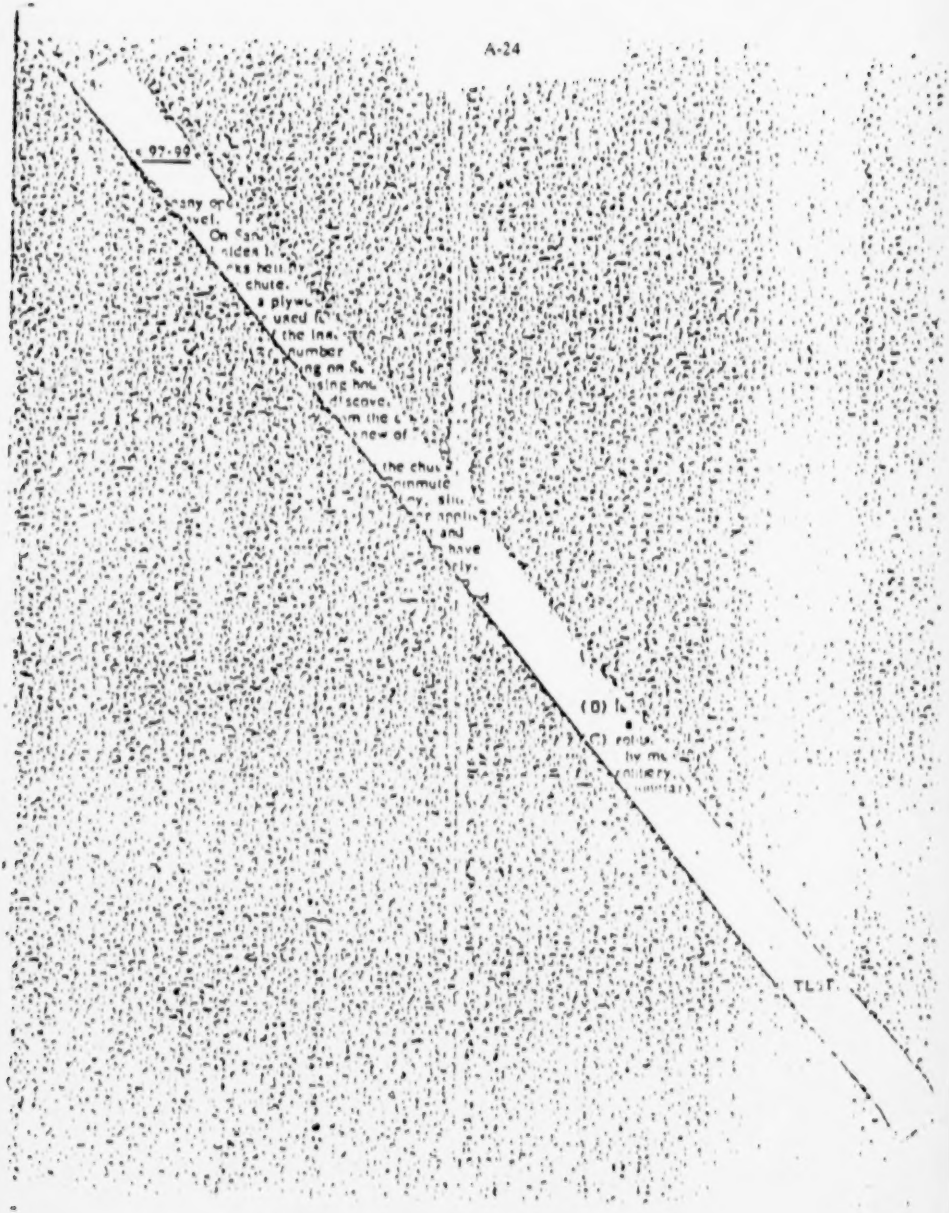

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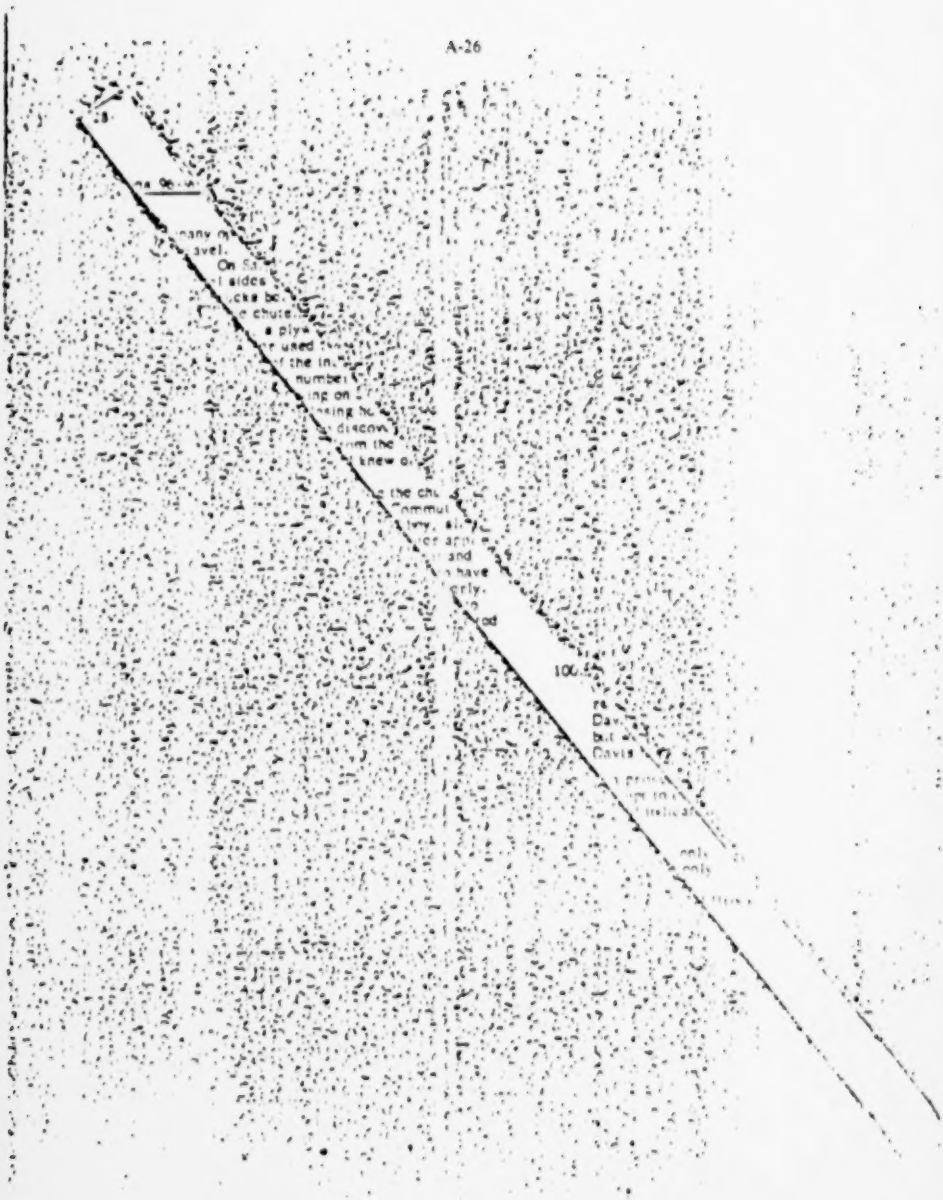

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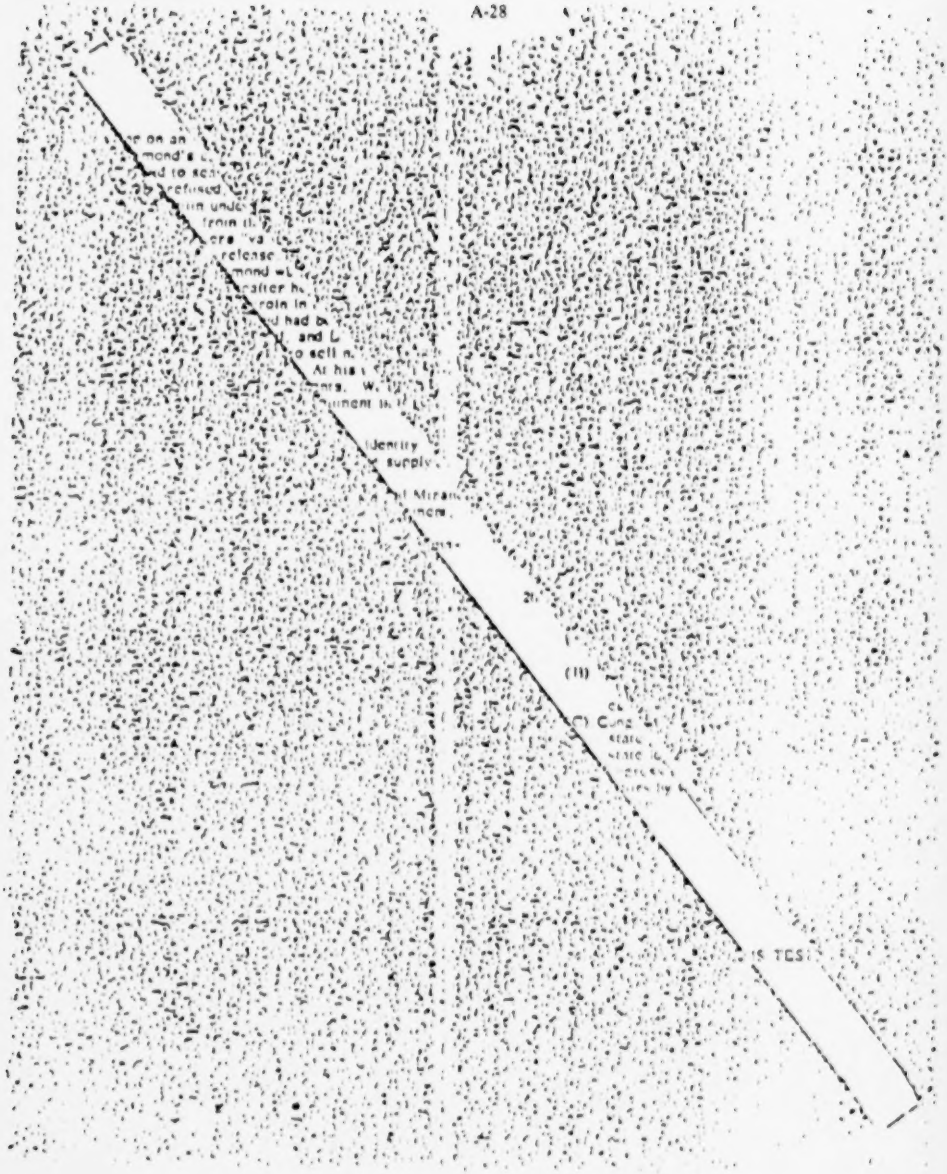

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PM

Multistate Bar Examination

Read the directions on the back cover.

Do not break the seal until you are told to do so.

This test book and the enclosed answer sheet must be handed in separately as instructed.

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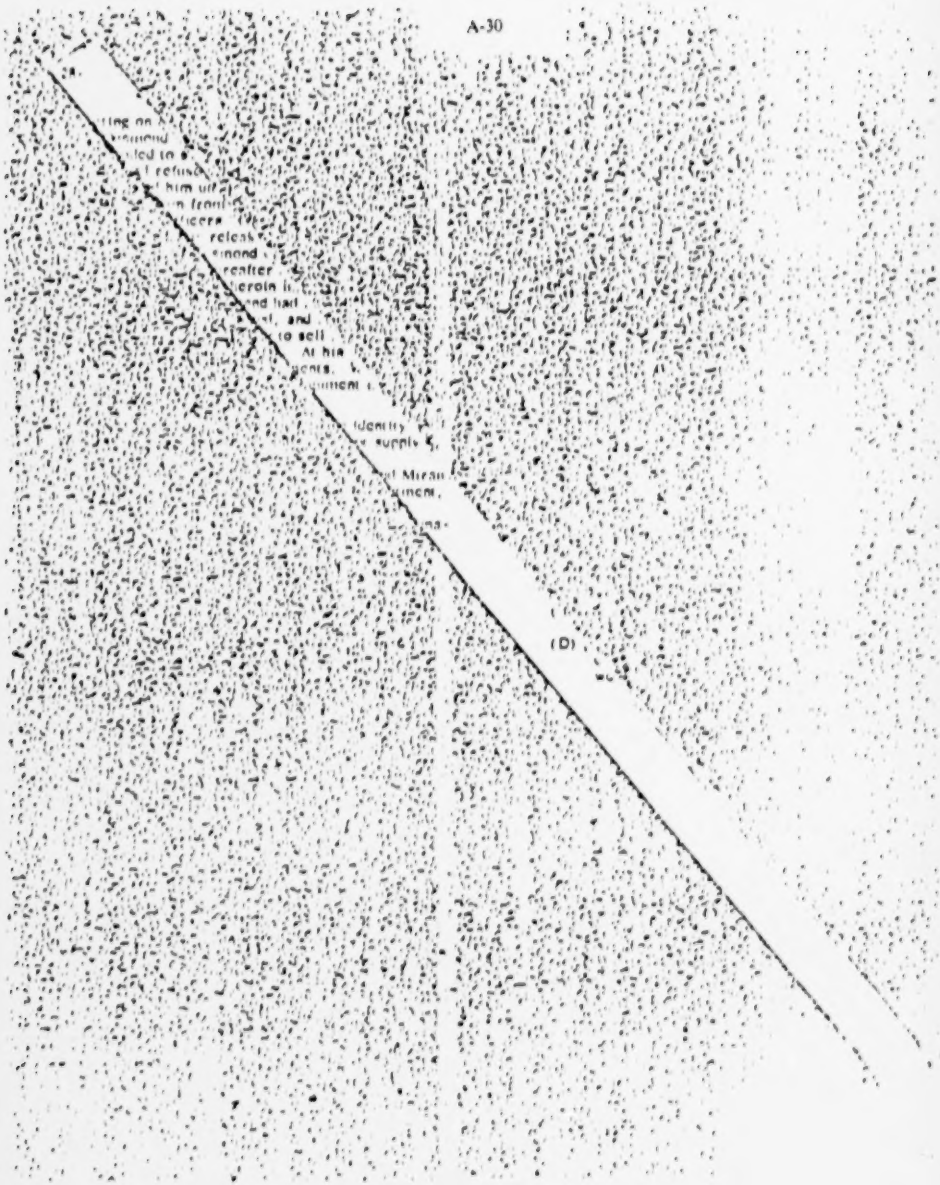

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